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70F200SUBMISSION OF THE
PROVINCE OF NOVA SCOTIA
TO THE FEDERAL PROVINCIAL CONFERENCE
OF FIRST MINISTERSFebruary 16 and 17, 1970

Agenda Item: Pollution

1. Mr. Chairman, we believe that the scope of pollution problems is so great that, if pollution is to be tackled effectively, all major segments of society must be prepared to co-operate in a constructive way. We accept the proposition that governments should take the lead in formulating policy, building administrative machinery and in execution. However, unless there is forthright co-operation between all levels of government, industry, unions and, indeed, private citizens, government efforts, particularly those of provincial governments, will be frustrated.
2. It is easy to talk about the necessity of preventing further sources of pollution and of cleaning up the pollution that exists, but if the talk is to result in useful action, the cost must be recognized and accepted.

3. The cost of implementing solutions is great. It is estimated that in the past five years at least \$50 Million has been spent or committed on domestic pollution abatement in Nova Scotia and at least \$150 Million more is estimated to be required. These sums are needed to meet the needs of about two-thirds of Nova Scotia's population. In addition, a further \$50 Million or more may be required to combat industrial pollution. The complexity of administration is also great. For instance, in provincial governments, practically every department in the course of its operations will be affected by efforts to ensure a good supply of water, air and to correct pollution. Every industry is affected, directly or indirectly, as is every citizen.

4. One of the first considerations is, of course, the fact that the real extent of the problem will only become known as further scientific research is completed. We suppose that other governments have, as we have in Nova Scotia, been forced to concentrate efforts for the time being on the most immediate existing problems and on preventing the appearance of new sources of pollution. However, it is clear that our policies should be widened to deal more effectively with existing pollution as science enables us to find out more about the scope and nature of and cure for the problems and as money becomes available. Conditions, of course, vary from province to province. Those provinces bounded by the ocean have unusual problems. For instance, the grounding of the "Arrow" off Cape Breton and the resulting pollution demonstrates clearly the special problems of provinces with tidal shorelines.

5. Therefore, Mr. Chairman, we respectfully request that the Federal Government undertake to do two things:

- (a) Be prepared to amend federal policies and programs which relate to all forms of pollution as the need for this becomes apparent in discussions with provinces; the highest priority should be given to measures relating to water pollution.
- (b) Intensify national research efforts, in co-operation with Provinces, through implementation of necessary research policies and programs. This will ensure that we all have appropriate control and standardization of essential research which must be carried out as quickly and economically as possible. This research is vital, first to determine the scope and nature of pollution and secondly, to find the best means of dealing with it.

Organization and Administration

6. In Nova Scotia, as perhaps in other provinces, we have established a water authority now known as the Water Resources Commission which has prime provincial responsibility for water and water pollution problems.

7. We understand that all relevant questions, relating to water, from the Federal Government Department of Energy, Mines and Resources, from Central Mortgage and Housing Corporation and from the Department of National Health and Welfare in future

are to be referred to the Water Resources Commission, as the central Nova Scotia authority responsible for water and water pollution control. This kind of Federal action will assist us and is appreciated.

8. The Commission will continue to carry on liaison with municipal governments and industries in Nova Scotia as in the past.
9. We have established priorities as to those parts of Nova Scotia in which we must deal with water and pollution problems first and these have been conveyed to Ottawa. It is necessary to emphasize, though, that these may change as more information about the scope and nature of water supply and pollution becomes available.
10. In Nova Scotia we are confronted with two particular problems. The first is that we need more research to measure the scope and nature of pollution and research to find the solutions to Nova Scotia's particular problems.
11. As research is done, we will then need to determine how to cope with our second major problem, the financing of corrective measures. Finding solutions to these problems will point the way to changes which should be made in our priorities, and will also indicate necessary changes in our policies. Specific research aimed at reducing costs must be done on such subjects as various methods of treatment, the best means of treating special kinds of industrial pollution and feasible alternative methods of treatment and collection of sewage.

12. General commitments have been made by the federal and provincial governments with respect to projects, most notably those involving the Central Mortgage and Housing Corporation, and for sewage and water treatment programmes for 1970-71. If discussions between our governments result in recommendations for new research projects and studies and new financing or cost sharing schemes, we hope that the Government of Canada will give these serious consideration. Nova Scotia submits that because of the serious nature and extent of pollution, there is a real need for full and continuing discussions of officials of our respective governments and of municipal governments on all aspects of this matter.

Future Programs

13. Mr. Chairman, we have emphasized the need to make changes in policies and priorities as we find out more about pollution. We submit that this is necessary because of the very many different segments of a province and of the economy of a province which are affected not only by pollution, but also by solutions to pollution problems. This need for flexibility makes it mandatory for governments at all levels and industries and groups of citizens to have good communications.' We urge that efforts be made by all parties to achieve co-operation and better understanding of each others goals and of the role which each authority or organization intends to perform.

14. There is an intense interest today in our environmental problems which gives us a very good opportunity to tackle them. We should take advantage of this, but be ever mindful that for the most part satisfactory solutions will cost a great deal of money which in the short and long run will be borne by our citizens, no matter whether the municipal, provincial or federal level of government undertakes to have the work done.

Observations About The Canada Water Bill

15. Mr. Chairman, Nova Scotia wishes to record its agreement with the principal aims stated in the Canada Water Bill. It is our belief that, regardless of its provisions, the Bill can only serve its avowed purpose provided we all co-operate fully.
16. In Section 3 of the Bill provision is made for the Minister of Energy, Mines and Resources to establish inter-governmental committees to maintain continuing consultation. We shall be pleased to participate in the work of such a committee, if it is established.
17. It is our opinion that these Federal-Provincial committees must be established. We understand that this is now being done. We also think that it should be mandatory that complete information about all matters relating to water should be dealt with by these committees. If this is done we will then have one terminal point for the federal and provincial levels of

government, which should ensure co-ordination of information and action. If this mechanism does not accomplish the goal of co-ordination, we should then adopt a better alternative method.

18. Mr. Chairman, we believe that a narrow interpretation of such phrases as "national interest" and "reasonable efforts" which appear in Section 5 of the Bill would lead to friction and may well frustrate the Bill's usefulness. We hope that the spirit of this Bill and a sense of objectivity and co-operation will be applied in its implementation.

19. We hope that, if it is necessary to do so, Federal legislation will be introduced which will parallel the Canada Water Bill, so that problems relating to all other kinds of environmental pollution may be dealt with in the manner permitted by this Bill.

THE PROBLEMS OF POLLUTION

A STATEMENT SUBMITTED BY THE

Honourable Harry E. Strom,

Premier of Alberta

Feb. 16-17, 1970

regarding air pollution in 1961 commensurate with a five year deadline for industry to comply with the terms of the legislation. All sources within the Province are subject to the regulations without reference to location.

Atmospheric monitoring is carried out on a routine basis for dustfall, sulfur dioxide, hydrogen sulfide, smoke, particulates, oxidants and oxide of nitrogen. In the vicinity of sour gas plants fertilizer negetation is also analyzed for sulfur and fluoride content and two mobile air pollution laboratories are in use on a year-round basis.

Our Department of Agriculture has been active in evaluating the effects of air pollution on livestock and crops. Our Veterinary Services Branch has conducted extensive tests of the effect of hydrogen sulfide and SO_2 on test animals including the study of growth rate and pathological symptoms. Studies have been conducted into the sulfur content of evergreen needles along with the implications of sulfur air pollution on the rate of tree growth.

The air pollution work has been co-ordinated since 1962 by a "Scientific Advisory Committee on Air Pollution" composed of a veterinarian, a plant pathologist, two medical specialists, the regional meteorologist from the Department of Transport, the head of chemical engineering at the University of Alberta and an air pollution consultant from California.

2.

WATER POLLUTION

The excellent record of the Province of Alberta in the construction of sewage treatment facilities may encourage other provinces to study our program and we would be willing to share this approach with other Governments.

An anomalous situation worth noting is the fact that the towns of Banff and Jasper, both located in National Parks, discharge raw sewage into nearby rivers. This, we suggest, should be corrected by the Federal Government in the near future.

All major rivers in the Province are sampled as are all municipal and industrial wastes released into them. Tests on dissolved oxygen, biochemical oxygen demand, odor, phenols, total and suspended solids, PH - alkalinity, chlorides, ammonia, nitrites and nitrates, specific oils, fluorides, sulphates, phosphate copper and hexavalent chromium and such other compounds which might be significant, All water treatment facilities, both municipal and industrial, must meet with specific design criteria and any materials discharged into our streams must not reduce the oxygen content of the stream to less than 5 p.p.m. Further improvements regarding municipal sewage pollution awaits only the supply of funds from CMHC in order to proceed with treatment plant construction in compliance with Board of Health orders to the municipalities involved.

Since the flow in our major rivers declines during the winter months, the water pollution control program has been complemented with construction of major water storage reservoirs located upstream from our major urban centres in order to maintain higher than normal water winter time river flow rates. The use of such water for dilution purposes is secondary, however, to water requirements for domestic, irrigation, industrial and wildlife purposes.

In conjunction with the foregoing and in recognition of our responsibility to our neighbouring provinces, who have reaped without charge the benefit of higher river flow rates in winter, we have also executed water sharing agreements with the provinces of Saskatchewan and Manitoba.

Increasing attention is now being paid to the importance of ecological studies starting with a joint investigation along with the Federal Department of Transport into the various factors influencing the rate of run off from a typical forested area in the western slope of the Rockies to study the effect of different methods of tree harvesting on run off rates and reforestation.

3. SOIL POLLUTION

Although minimal clean up standards have long been in effect in Alberta's oil and gas industry, we have also had regulations designed to ensure reclamation of land utilized for oil field purposes. Similar requirements also apply to salvageable lands disturbed by coal strip mining. Old coal mining areas are also now being cleaned out. Regulations also require that the four million barrels and more of salt water produced each year with crude oil and natural gas be reinjected into this reservoir of origin or a suitable brine laden reservoir in order to prevent contamination of surface soil by oil field brine.

4. PESTICIDE POLLUTION

Notwithstanding the foregoing record of pollution control in the Province of Alberta, we remain concerned however that the public attitude regarding the implications of unchecked pollution is advancing at a much faster rate than government's ability to devise new programs. In fact, it has become increasingly difficult to technically define pollution. In general, the term seems to imply that any human factor which disturbs or contaminates the natural environment is now considered by some segment of society as pollution.

In view of this fact, the Legislature of the Province of Alberta will, this year, give consideration to an Environmental Conservation Act under which a public authority will monitor existing pollution control programs in government and industry. The authority will guide the formulation of such legislation and programs as may be required to ensure the preservation of a healthy environment for present and future generations of Albertans.

THE ROLE OF THE FEDERAL GOVERNMENT

VS

THE PROPOSED CANADA WATER ACT

Although fully cognizant of the important role that the Federal government has to play in pollution control, the Province of Alberta urges that the Federal government's role should be the establishment of national minimum standards for water pollution, backed by tough statutory penalties applicable to all offenders, public, private or otherwise. The question of how those standards are met or maintained should be the responsibility of the Provinces.

The working relationship with the Province should be similar to that which has been applied under criminal law. The right to Federal enforcement of national minimum standards is essential in the interest of preventing unfair industrial competition between provinces wherein there might be a temptation for a province to compromise on pollution standards. Not only would that approach place responsibility of pollution control directly on the offenders and hold the provinces responsible for primary enforcement, but it will also avoid the establishment of another expensive bureaucracy of the type envisioned under the proposed Canada Water Act. So far as Alberta is

concerned, the question of comprehensive Water Resource Management is already well in hand in western Canada by mutual agreement of the Provincial governments. The intrusion of the Federal government into interprovincial relations as per sections 3,4,5,7,8,9,10,11,13,14,15 and 16 of the proposed Canada Water Act is, therefore, completely unwarranted so far as western Canada in particular is concerned. Not only will it result in the creation of another unwieldy bureaucracy which the taxpayers of Canada will have to support, but it will also unnecessarily complicate pollution control efforts within the province of Alberta to such an extent that the province will be virtually powerless to act on its own initiative and be compelled to surrender any semblance of control or regulation within the province to the Federal Government.

The Province of Alberta also takes strong exception to any proposal by the Federal Government that industry should be paid to clean up its own mess. Not only would such a policy be unsound in principle, but would discriminate against the Alberta taxpayer and industry who have already invested considerable sums in complying with provincial pollution control measures and would presumably now be called upon to subsidize eastern industry and municipalities who have proven englight in their public responsibilities.

This approach is also consistent with the fact that in the final analysis it is not industry but the consumer who must pay the price of industrial pollution control. The important factor thus becomes that all industry be subject to the same basic pollution control requirements - hence the important necessity of national water standards or pollution criteria.

The foregoing approach to private industry in no way conflicts with continued Federal Government responsibility to assist with the financing of municipal sewage treatment plants. In view of the present financial straight jacket ~~that~~ the necessary municipal treatment plants will not get built without continued Federal financial assistance.

In addition to Federal responsibility for minimum national standards for water and air backed up by impressive punitive powers, the Province of Alberta urges that the Federal government assume far more responsibility for the co-ordination of overall research into the field of pollution. Such research is both expensive and will become increasingly essential to the development of more comprehensive control programs, particularly in the field of ecology studies. The Province of Alberta is more than willing to share in the cost of such studies and urges the establishment of a joint Federal-Provincial Commission to determine priorities and co-ordinate the research in the interest of getting the maximum possible return to the Canadian taxpayer from such research.



FEDERAL-PROVINCIAL CONFERENCE

February, 1970
16-17

A STATEMENT ON INFLATION BY

The Honourable Harry E. Strom,

Premier of Alberta

OPENING STATEMENT

Alberta rejects emphatically and totally Ottawa's attempt to shift the blame for the problems of inflation onto the Provinces. It should be absolutely clear to all the citizens of Canada, and all the Governments of Canada, that the machinery for controlling the inflation problem, the monetary and fiscal policies which can be adjusted to deal with changing economic conditions, rests entirely with the Federal Government. The Federal Government's attempt to pass the responsibility which they have for the control of this problem to the Provinces must be understood as being totally unrealistic, illogical and unjust. We question the arbitrary, inconsistent and fluctuating use of the Federal Government's spending power in areas of Provincial responsibility. We outlined this concern in our December Federal-Provincial brief, and request that the Federal Government seriously consider our objections. This is one of the main factors which contributes to the rapid increase in costs.

As we examine the causes of inflation and try and come to grips with the problem which is reflected in continually rising prices, and in an increase in the cost of living for our citizens, it is vital that if we are to have a real understanding of the nature of this problem that we appreciate and understand the external factors which affect the total situation. We have to realise that conditions in the United States, indeed conditions in the world markets, and Canada's relationship and its part in this total system, has a great deal of effect on the situation in Canada. We must recognise the reality that as conditions change in the United States, they will change in Canada. The inflation which the United States has been experiencing, which is at least partly due to budgetary conditions in the United States, and the war in Vietnam, has had an effect on the United States economy, an inflationary effect, which has spilled over into the Canadian economy.

However, we should also notice that recent budgetary changes and economic reports coming from the United States would indicate that actions which they are taking to bring their own economy under control will have positive spill over effects on the Canadian economy. For example, it is little known, but is an important fact, that for the first time in two full decades the United States Federal Government will spend more money on human resources programs than on national defence.

The President of the United States has argued that while it is necessary to slow down rapid expansion of demand firmly and persistently, it is important that such policies do not choke off the demand so abruptly so as to injure the economy.

The Government of Alberta has always maintained the position we continue to maintain, and to put forth the view that the Government has the ability and the duty to sustain a general climate for stability and growth, but it must do so in the conviction that a free economy provides maximum scope for the knowledge, innovativeness and creative powers of each individual.

It is vital then that Governments in their desire to control inflation do not hamper the growth of the economy by applying the brakes too suddenly, too quickly and too fully to the economy, in such a way that the growth and development of the nation would be harmed. Positive steps have to be taken and the negative approaches which many have been suggesting in the past year or two, must be opposed and rejected. They must be rejected on a long term basis as they would be harmful to the development of the nation, and on a short run basis they must be rejected because the policy of deliberately creating unemployment would cause great suffering to those who can least afford it, on the marginal people who would lose their employment opportunities.

There is a basic difference then between the negative and restrictive approach which attempts to put the clamps on the development of a nation, and the approach which we in Alberta have consistently taken, that we must foster growth and productivity. We say that we will not accept any policy that will put any Albertans out of their jobs. We will not accept any policy that would cause the unemployment level in our Province to rise. And we reject, absolutely and totally, any policy which would have such an effect. Rather, we think there are specific actions which can be taken by the Federal Government which would have the effect of lowering prices, or at least of maintaining price levels, but which would not also be harmful to our economy.

I would like to mention briefly just a few of these proposals which would accomplish the goals which I have outlined. Those goals:

We will not accept any policy which will increase unemployment.

We reject restrictive and negative policies which would harm the development of our Province.

We accept policies which would foster productivity and economic development, but at the same time measures which would attempt to keep the cost of living reasonable, keep the price of goods fair and just, so that our people's purchasing power will be maintained.

To accomplish these goals, we wish to offer a few comments and suggestions. Initially we would support voluntary price and wage restraints, selective controlled restraints in such fields as the excessive use of and high cost of exorbitant credit buying, and similar reasonable measures.

We wish to point out that the basence of a Sales Tax in the Province of Alberta has done much to keep the price levels down and, in particular, the price of large commodities is kept well below the national average in the Province of Alberta, because we do not have a Sales Tax.

We would suggest that in an attempt to keep prices at a reasonable level that the Federal Government should investigate fields where it could remove taxes which are overburdening the people of Canada, rather than constantly merely looking for new areas to add new taxes to the already existing heavy Federal tax load.

On the question of tariffs, I think it would be useful to review briefly the comments that I made at the Federal-Provincial Constitutional Conference in February, 1969, in a document entitled "Case for the West".

At that time, the Government of Alberta asked that the Federal Government recognise the harmful effect of the tariff system. The Alberta Government asked the Federal Government to realise that the total tariff system had a harmful effect on the economic health of this nation. It is estimated that tariffs cost the people of Canada in excess of one billion dollars a year. We pointed out at the time the great cost of this system, and the irony of the fact that the total system had failed to achieve its objective of fostering Canadian secondary industry. The tariff system, we said, symbolises the economic imbalance of Confederation.

Other economic inequities include the whole question of freight rates, excessive excise and custom duties as well as the extremely high tariffs which are hindering the development of free competition and allowing Canadian industry to become competitive on an international basis. Not only does this significantly increase the price of all manufactured goods, but it is socially harmful to the overall development of the Canadian economy. By selectively lowering and in many cases removing tariffs on items coming into Canada, the Government of Canada could in one short period of time

reduce the cost of living to Canadians; it could lower prices of all manufactured goods. Not only would this mitigate the inflation problem, but it would result in a net social gain to all of Canada.

We suggest, then, that as one specific action that could be taken at the Federal Government level to lower the price of goods and cost of living for Canadians, that they undertake to lower and change the structure of tariff, excise and custom duties, and other related costs which are built into the price of manufactured goods, and which make them unrealistically high to the people of Western Canada.

There is another area where we think the Federal Government should take a positive step to deal with the question of inflation and which would have the effect of lowering prices or at least of maintaining the price on many, many goods, and this is the whole question of interest rates. We propose that a ceiling be re-instated on interest rates. This would immediately lower the extra built-in costs of all goods, and remember that all of the people who are using credit to manufacture and produce goods must each pay this exorbitant price, these very inflated interest figures, and this builds in excessive costs to the price of all goods which are available.

We suggest, then, that to relieve the pressure on prices the Government should immediately re-instate a ceiling on interest rates. We would suggest the Government of Canada set up negotiations with the Government of the United States and work out an attempt for a Continental Interest Rate as one alternative to dealing with this problem, as we are well aware that the immediate argument is that money would flow from the country.

Another alternative would be to set restrictions on the outflow of Canadian capital. There is absolutely no reason why the Federal Government could not take necessary measures to ensure that there is not an excessive outflow of capital from the country. Indeed, this has been done in many countries around the world and particularly in Europe and there is a great deal of evidence to show that measures can be taken to assure that this outflow does not in fact occur.

Therefore, we could deal with that objection to our proposal in a definite way by instituting a ceiling on interest rates, in order to keep down the price of goods, keep down the price of credit, so that our businesses can continue to expand and so that the final price of goods will not have the exorbitant cost built into it many times.

The ultimate cause of inflation lies within the monetary and fiscal system, and in our view it is absurd and harmful to try and blame either business men or union leaders for the overall market conditions and the total financial system. Such controls as exist rest with the Federal Government. These controls must be used wisely, prudently and positively. In our view, measures such as those proposed

above would help keep prices down without harming the economy as other negative proposals such as increasing unemployment would do.

- Remarks -
Premier W. Ross Thatcher

FEDERAL-PROVINCIAL CONFERENCE
OTTAWA, ONTARIO,
February 16th, 1970

Inflation is, as the Prime Minister himself pointed out a few weeks ago, the largest single problem facing Canada in 1970.

Everyone agrees that it must be stopped, or at least slowed down.

However, the issue is how to stop it -- how fast -- and at what cost in jobs, pay cheques and national growth.

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Everyone at this conference will agree that inflation is "the most unfair tax of all" -- because it harms particularly the low income group, pensioners, and so on.

Most economists agree that inflation can undermine a nation's willingness to save.

It can limit its chief source of funds for new capital investment.

It may create a currency crisis by making the country's exports too expensive to sell.

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Over the past several years we have watched the value of the Canadian dollar eroded at an even more rapid rate.

Recently this rate has exceeded 6% per annum.

Consequently, every Canadian has been feeling the pinch as our dollar shrinks in value.

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- Traditional Methods Failing -

As inflation continues unabated, it is becoming increasingly apparent that the traditional methods of fighting inflation are not working.

The Federal Government has made numerous efforts through fiscal and monetary policies to curb the evil.

Interest rates are now unbearably high -- yet despite this fact many businesses continue to borrow extensively.

PRICES AND INCOME COMMISSION

Some months ago a Prices and Income Commission was set up to introduce voluntary controls.

But voluntary restraint on the part of labor and business has not worked.

Labor has refused outright to co-operate, and business has continued to hike prices.

The exercise appears to have been futile up to this point.

The Conference held last week between government officials and business leaders may have produced some vague results.

However, the Government of Saskatchewan does not believe that the measures announced can be really meaningful, unless labour also co-operates in holding the line.

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DANGERS

In dealing with this awesome problem of inflation there are obvious dangers.

Unless drastic new measures are adopted the value of the dollar could be eroded even further, and all the dangers of inflation accentuated.

On the other hand many economists warn that inflation fighting has already been carried to such extremes that an outright recession is all but inevitable.

Measures adopted by the government, which are too savage, could result in widespread unemployment.

This Conference and the Federal Government must decide where the happy medium lies.

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SASKATCHEWAN SITUATION

Saskatchewan is in a particularly difficult position because of inflation.

The wheat crisis has drastically curtailed farm purchasing power.

In addition, many of our other minerals, such as potash, lumber, uranium and oil are in surplus supply.

All of these products must be sold in world markets at competitive prices.

At the same time our farmers and primary producers must purchase most of their needs in a highly protected market where prices are going up steadily.

Because of our surpluses -- particularly wheat, almost every segment of our economy is experiencing economic difficulties -- retail and wholesale businesses, service industries and particularly the construction trade.

While other parts of the nation may be suffering from an over-heated economy, in Saskatchewan we are in a completely different position.

Few, if any of the inflationary pressures being experienced in Canada have originated in Saskatchewan.

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- Public Works -

The employment problem is so serious in my province that our government is proposing to invest about -----\$20 million in a crash program of public works -- over and above the normal program.

We were dismayed to read in our Regina newspaper that the Federal Government is planning little or no new spending on public works in our province during the coming year.

According to the news report -----\$3.8 million has been allocated to projects in Saskatchewan out of a total of -----\$286 million being spent across Canada.

Our province is receiving only a little more than Prince Edward Island or -----1.3%, of the Canadian total.

Surely such figures do not make economic sense.

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We urge the Prime Minister today to consider taking off the shelf some of the federal public works projects which have been planned over the years, by the Federal Government.

Our provincial economy needs a shot in the arm at this critical time.

Our government, therefore, urges Ottawa to reverse their present policies of restraint in Saskatchewan, and to provide capital for job-creating projects, particularly in construction.

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- Designated Area Legislation -

About a year ago the Federal Government augmented and improved the "Designated Area Legislation" to help with the establishment of new industries.

This action was most welcome.

However, unfortunately only about 1/3 of the area of our province was designated.

Not included was a huge area including the cities of Regina, Saskatoon, Prince Albert and North Battleford.

At that time perhaps economic conditions justified the omission of 2/3 of our province.

But today largely because of the wheat and potash crisis, economic circumstances have changed completely.

In trying to attract new industries our governments -- provincial and city -- are finding it extremely difficult to compete with Winnipeg which has been designated.

Because of the terrible wheat crisis, and because of the surpluses which exist in Saskatchewan today, we are experiencing a recession of major proportions -- together with substantial unemployment.

We ask Ottawa to recognize this new problem.

I wish to officially ask today that the balance of the province of Saskatchewan be "designated" for industrial purposes.

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- Possible Alternatives -

Obviously, the traditional anti-inflationary weapons used to date, have failed.

The Saskatchewan government agrees with the Prime Minister that the time has come when inflation must be met "head on".

What are the alternatives?

1) Re-enforcement of traditional policies

There are some who believe that even harsher applications of fiscal and monetary restraints are necessary.

We are not convinced that such action would be adequate.

In particular, the Government of Saskatchewan would be opposed to any further increase in interest rates.

2) Tariff reductions

On numerous occasions the Prime Minister has suggested that protective tariffs could be withdrawn in certain instances.

Western Canada has always favored lower tariffs.

We would be even more enthusiastic over a reduction of tariffs at the present time.

3) Credit controls

There are many who believe that consumer credit controls would be helpful at the present time.

The Saskatchewan government would support such a step if it is considered necessary.

4) Price and Wage controls

Price and wage controls is another alternative.

Our government is of the opinion that such a policy would be most difficult to enforce.

Exceptions would certainly have to be made because of particular circumstances and varying economic conditions in different regions.

Price and wage controls would create a situation, where it would be difficult to raise and lower taxes as an economic lever.

Moreover, many Canadian industries rely on imported raw materials, and of course costs of these products could not be controlled.

However, despite all the difficulties, if inflation begins to press us out of world markets, this course could be the only alternative.

It goes without saying that if price and wage controls were adopted, company profits would also have to be controlled.

5) Limited price and wage controls

A possible alternative to total price wage controls would be a policy of limited controls as suggested by John Kenneth Galbraith.

He suggested that if controls were placed on the large companies, not only would it be easier to police -- but the effect would soon spread throughout the entire economy.

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Conclusion

In any event Mr. Chairman, may I say on behalf of the government of Saskatchewan that whatever policy is decided upon by the federal government, we will endeavour to co-operate.

It has always been our position that in the area of control of the economy, Ottawa must have full power.

It is my hope, however, that in deciding their policy they will keep in mind the special difficulties of Saskatchewan.

AGRICULTURAL DISCUSSION PAPER

A STATEMENT BY

The Honourable Harry E. Strom,
Premier of Alberta.

Feb. 16, 17, 1970

Over half of the population of the world is not receiving adequate food, yet the major problem facing Canadian Agriculture is the mounting surplus of wheat. Therefore, the Government of Alberta suggests that the Federal Government take action to deplete the wheat surplus.

A most aggressive selling policy must be adopted. Unlimited credit should be extended to customers who need our wheat. Any price cutting by our competitors should not be allowed to undermine potential sales. At the same time, excessive wheat production in Canada should be discouraged. Farmers should be assisted into other lines of production.

We commend the Government of Canada for recent moves in this direction but feel your policies have not gone far enough to alleviate this most serious problem.

The Canadian supply of wheat is currently the largest on record. Carryover at the end of the crop year (July 31, 1969), amounted to approximately 845 million bushels. Added to this was the large 1969 crop estimated to be 685 million bushels. Thus the total supply for the current crop year amounts to 1,530 million bushels.

Table 1

<u>Wheat: Production Supply and Disposition</u>				
	<u>Average</u> <u>1957-58 to 61-62</u>	<u>Average</u> <u>1962-63 to 66-67</u> <u>-Mill. Bushels -</u>	<u>1968-9</u> <u>Preliminary</u>	<u>1969-70</u> <u>Forecast</u>
Stocks at Aug.1	635.5	454.2	667.6	848.3
Production	407.5	673.3	649.8	684.8
Total supply:	1,043.0	1,127.5	1,317.4	1,533.1
Exports	320.7	485.1	305.8	370.0
Domestic	155.3	151.1	163.3	165.0
Stocks at July 31	567.0	491.3	848.3	998.0

Normal expectations for export sales are at about 380 million bushels per year. However, the recent sale to Russia, which for reasons I will explain later, should not be considered as a normal annual recurrence, will likely push our exports to approximately 375 to 400 million bushels during the present crop year. Add to this a domestic disappearance of about 160 million bushels, this should bring our carryover at July 31, 1970, to approximately one billion bushels.

It is quite clear that acreage must be reduced by 20% to keep production more closely in line with projected demand. Possible future sales to Russia or China should not unduly influence our planning. A reduction of one million acres in Alberta would be in keeping with the overall reduction of the projected five million acres for Canada.

The shift from wheat to coarse grains, particularly barley and to rapeseed will inevitably create burdensome surpluses unless unusual efforts are put forward to expand world markets. Export sales of feed grains have dropped from 60 million bushels in the late '50's to 20 million in 1968. During this same period importations of corn into Canada have increased from 17 million bushels to 33 million. While much has been said on marketing, all new visions, new salesmanship and new hopes of capturing lost markets and finding new buyers will be ineffective if wheat production continues at present levels.

Customers must get what they want and on time. The block system is expected to improve our customer relationship. Through this and other technical improvements we must satisfy our customers. Canada's place in the World Grain Trade should continue to reflect integrity, quality and improved service.

Alberta farmers are examining enterprise opportunities. Through Direction '70 the Department has endeavoured to inform farmers on marketing and production prospects. This has been done at the provincial, regional, and district level by Commodity specialists and Extension personnel.

It is not necessary to describe the plight of the farmer. The "You grow it and we'll sell it" philosophy is a thing of the past. All that remains is the farmers; impressions of the path they followed and the chaotic situation where they have arrived.

Farm organizations have documented and presented their case. The Government of Alberta recognizes the substantial nature of the two Alberta farm organizations which have now combined to speak for producers and industry. We give serious consideration to their proposals.

The Government of Alberta supports the principle that farm enterprise must be induced and encouraged to change. The present farm economy, the general shortage of capital and the rate charged on borrowed capital make it almost impossible for farmers to tackle new ventures. Farm debts and high input costs have lowered moral to such a degree that to many the road to recovery appears invisible.

The Government of Alberta therefore supports the principles of providing inducements to farmers to modify their farm operations. Rather than attempt to make decisions for farmers on how or what changes to make, we urge the Government of Canada in the interest of National Unity and for the survival of the Agricultural Economy to make substantial payments based on crop acreage reductions over at least a two-year period.

Information at hand indicates markets for beef and lamb can be developed if vigorously pursued. As this is a longterm alternative to cereal production and since the key to greater livestock production is increased breeding herds and forage to support those herds, such payments should be tied to the conversion of crop land into grasslands.

The Province of Alberta is actively considering programs to assist farmers to increase breeding herds of cattle and sheep, but we feel the Federal Government holds a responsibility to offer an inducement to farmers to reduce the acreage of cereal grains. In order that farmers do not have an incentive to increase per acre yields of cereal grains advance quota expectations should be published as soon as possible.

For the past year the Alberta Government has been advocating increased communication between the Province and the Federal Government and its agencies inasmuch as the Province of Alberta is vitally concerned by actions taken by the Canadian Wheat Board and the Board of Grain Commissioners. We would like to consult with them before policy changes are implemented.

Wheat marketing is a federal responsibility. However, power to market oats and barley has been granted to the Wheat Board by provincial legislation. Under these unique circumstances, and since the marketing of grain is of such vital importance, the province of Alberta requests a formal method of communicating with the Wheat Board and the Board of Grain Commissioners.

The Wheat Board has at least three groups acting as advisors at the present time: the Grains group, The Canada Grains Council and the Wheat Board Advisory Committee. There is no provincial government representation on any of these groups.

At the present time serious consideration is being made to revise the grading system by the Board of Grain Commissioners, and of the two rota system by the Wheat Board. Naturally, we have concerns about such major revisions, revisions that will affect the livelihood of a large number of Albertans. We would like to know what is being planned and be able to express our opinions.

It is truly an anachronism when many farm organizations are asked for opinions but not provincial governments. This is the case with proposed revision of the quota system.

I am sure the Federal Government will find a greater acceptance of new policies if our citizens know that they have been considered by the Provincial Government. We are much more likely to support changes if we have had a part in their formulation.

Also of immediate concern is the expectation large acreages will be seeded to rapeseed in Western Canada in 1970. We can anticipate major marketing problems with this crop in the future unless marketing and transportation policies are changed.

One of the ways our rapeseed extraction and refining industry can be bolstered is by equalizing the freight rates on rapeseed and rapeseed oil and meal.

Rapeseed itself has been granted the benefits of the Crowsnest Pass rail rates but the refined products of rapeseed have not.

Consequently, the crushing and refining industry is being prevented from developing as it should in Alberta.

For example the transportation cost for a hundred pounds of rapeseed grown in Wetaskiwin, processed in Lethbridge, and the oil and meal shipped to Toronto via the Lakehead this past summer was \$1.48. On the other hand 100 pounds of rapeseed could be shipped to Toronto from Wetaskiwin last summer for 73¢.

This 75¢ a hundredweight difference pretty well restricts markets for Western crushers to the local market.

If the freight rate on refined rapeseed products is reduced a greatly increased market for rapeseed would result. The market potential would increase in size to include all of Canada. Increased opportunities for export would also result.

New refining facilities could be induced to develop in several of the smaller cities or larger towns in Western Canada providing much needed secondary industry.

Canada's balance of payments would also be improved since approximately half of our vegetable oil requirements are imported at the present time.

I fully realise inflation is one of the major problems facing Canada today, but I wish to emphasize that inflationary income is not one of the problems of Agriculture; in fact the net farm income of Alberta declined by 9.6% in 1969.

In order to help correct this unfortunate situation and in the long run to bring the standard of living of our farm people more into line with the rest of the Canadian economy, I trust the Federal Government will carefully consider making wheat reduction acreage payments, to take steps to reduce freight rates on rapeseed oil and rapeseed meal, and give the Government of the Province of Alberta a voice in the formulation of grains policy.

- Remarks -
Hon. W. Ross Thatcher
Premier of Saskatchewan

Federal Provincial Conference
Ottawa, Ontario.
February 16, 1970.

- Western Agriculture Crisis -

May I first thank the Prime Minister for permitting us to discuss the "Western Agriculture Crisis" at this conference.

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I must tell those here assembled, that our Western farmers face an economic crisis which is more serious than anything which has happened economically, since the depression of the 1930's.

In Saskatchewan, the farmers' difficulties have permeated through our whole economy.

Retail trade -- construction -- manufacturing -- have all slowed down sharply in the prairies.

While the West is most directly harmed by the crisis, I believe Premiers from other parts of Canada should also be concerned.

When our farmers cannot sell their wheat, the manufacturers in Eastern Canada of farm equipment, automobiles, steel and other products also suffer from slowdowns.

Port facilities in British Columbia, Ontario and the Maritimes see their volume dwindle.

The railroads suffer.

Thus, Mr. Prime Minister, I believe it is appropriate for all governments to examine this terrible problem today.

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- How Serious -

Some may ask the question -- how really serious is the crisis?

Mr. Prime Minister -- I don't know how it could become much worse.

The crisis is the more frustrating, in that it has been caused not by scarcity or shortages -- but rather by bumper crops.

At the moment on the prairies, we still have almost 1 1/2 billion bushels of wheat on hand -- together with hundreds of millions of bushels of coarse grains.

Every warehouse, every terminal, every old garage or barn -- every elevator is choked to capacity with surplus grain.

Millions of bushels are piled in the fields under snow.

Most prairie farmers have not yet delivered on their quota -- since last August 1st -- more than a single bushel per acre.

Their cash receipts from the elevator in most cases will not even pay their gasoline bill, let alone ordinary expenses.

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Recently our farmers have been caught in a cost-price squeeze so desperate, that thousands have been obliged to abandon their farms.

Month by month countless others face a similar situation.

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For two decades, Western farmers have watched the price of machinery more than double.

They have watched the price of land more than triple.

But while all this has been happening, the farmers' selling price for wheat has actually dropped by ---- 25%.

There is probably no other producing group in our economy, which has been caught with such devastating effect by inflation, as the farmer.

As a result, hundreds have been forced on social welfare.

Countless others have gone bankrupt or are facing bankruptcy.

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- No Easy Solution -

Let me make it very clear that I am not suggesting there are easy solutions, pat answers, or magic formulae to solve the West's agriculture dilemma.

Nor am I suggesting that Parliament has made no effort to come to grips with the problem.

Cash advances, for example, have saved the situation from becoming chaotic.

The Farm Credit Act has been most helpful.

The payment of certain elevator storage charges on grain has been extremely useful.

Nevertheless an overall solution has been lacking, and the farmer's plight has gone from bad to worse.

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Have farmers any right to be bitter about Federal Agricultural policies?

Many Westerners believe they have.

Prices Elsewhere

Our farmers know that every other major wheat producing nation in the world, offers price supports on grain.

In France for example, the best wheat sells for -----\$2.95 a bushel.

In the Netherlands the price is -----\$3.19 a bushel.

In West Germany the producer receives ----- \$3.07 a bushel.

In Japan ----- \$4.56 a bushel.

In India ----- \$2.95 a bushel.

In Canada, at the elevator the farmer receives for No. 2 Northern about ----- \$1.28 a bushel.

When foreign countries enter a price war, it is their Treasury that bears the cost.

In Canada it is the farmer.

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Our Canadian Government has refused wheat farmers protection even on the domestic market, through a two price system.

Such a two price system need not cost the treasury a cent.

Rather it could be financed by the consumer paying a very modest extra sum for his bread -- perhaps 1 1/2¢ or 2¢ per loaf.

Year after year Ottawa has turned a deaf ear to such a request.

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Can Westerners be blamed, if they cynically compare this treatment, with the way in which Ottawa has treated other segments of our society.

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- Industry -

Since my province joined Confederation in 1905, our people have complained about the tariff structure.

Despite all the recent Gatt negotiations and other tariff conferences, Canada still remains one of the most highly protected nations in the world.

On an average, because of this protection which is given to Eastern manufacturers, Western Canadians see their cost of living raised by about-----25%.

A recent estimate prepared by a group of Winnipeg economists put the cost of the tariff at-----\$687 a year per Canadian family.

To the Westerner, that figure is part of the cost of Confederation, and he is becoming increasingly unwilling to pay such a huge levy.

How differently the manufacturer is treated, as compared to the wheat farmer!

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- Labour -

As Westerners see it, the nation's treatment of Labour is also infinitely more favourable.

Year after year, sharp wage increases have been demanded and given, to virtually every union in the nation.

In particular, the unions which handle the farmers' grain:-

- the longshoremen
- the railroaders
- the Maritime unions
- the dockworkers
- the elevator operators

have been given sharp and substantial wage increases.

Much of the extra money was given after direct intervention, persuasion, and pressure by the Federal Government.

Invariably, the farmers has been forced to absorb a large portion of the new rates, in the price received for his grain.

Why does the government encourage major wage increases to labour, yet turn a deaf ear to similar requests by the farmer?

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What Solutions, Mr. Prime Minister, might be contemplated?

I repeat again that most sensible Canadians realize that there are no simple answers.

But there are numerous courses of Federal action which could help.

It has been suggested in some quarters that the farmer should stop growing wheat.

Our government must reject this suggestion out of hand.

This Conference should realize that our farmers would be delighted to grow something that they could sell.

But everyone around this table, I think, realizes that weather and climatic conditions will only permit our producers to grow certain products.

We can't grow corn, soybeans, tobacco, or apples.

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Much of our soil is only suited for wheat or coarse grain production.

If the government cannot find markets for our grain, many of our producers will be obliged to either go on Social Welfare or abandon their farms.

I simply cannot believe that this government wants either of those courses adopted.

Naturally it makes sense for wheat producers to divert to other crops such as coarse grains, flax, rapeseed, etc. which can be sold.

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Very briefly and superficially this morning, I wish to put forward a few suggestions on behalf of the Saskatchewan Government.

(1) Canadian Wheat Board

The only real answer of course to the overall problem -- is to increase wheat sales.

The marketing agency in Canada for years has been the Canadian Wheat Board.

Most of our farmers have supported and still support the principle of orderly marketing through the Board.

Yet there is increasing evidence that the Board is failing to cope with the current crisis.

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In this connection, I must recall the problems experienced last year in movement of grain to and from the West Coast terminals.

We have heard with dismay of lost flaxseed and rapeseed sales, because these grains could not be moved into position on time.

We recall the situation that occurred 2 years ago when an inflexible pricing policy on our feed grains, allowed large quantities of American corn to move into our Eastern Canadian market.

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Our Government believes that a general overhaul of our selling methods for grain should be considered immediately.

Marketing methods in the U.S.A. and other countries should be examined, and the good features adopted to our needs.

We should perhaps consider setting up our own selling agency putting active salesmen abroad, instead of relying on international brokers for much of our merchandising.

Perhaps some of the recent short-comings of the Wheat Board can be attributed to government policy.

If that is so, let us make government policy more flexible.

Our government believes we should keep the Wheat Board as our marketing agency.

But we must find some way of bringing new vigor and activity to its selling methods.

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(2) Barter

I mention the Saskatchewan Government's endeavour to barter grain for electric equipment and other supplies.

While we continue to work on three or four barter deals, the reception and assistance which we have had from the Wheat Board and the responsible federal department, has rendered our efforts almost impossible.

Far from hindering our efforts, Mr. Prime Minister, I suggest that both the Canadian Wheat Board and the respective Federal departments should be going all out to help us with these exchanges.

At worst, we urge you not to discourage the efforts of the Saskatchewan government in this regard.

(3) Wheat Acreage Diversion

We would suggest that the Federal Government immediately undertake a wheat acreage diversion program.

In our opinion, a substantial acreage should be diverted annually over the next three years from wheat production -- probably into forage crops.

To be successful, a major financial inducement would be necessary from Ottawa, which should be related to costs involved.

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(4) Food Aid

International Food Aid by Canada should be expanded as rapidly as possible.

It continues to be one of the world's anomalies, that at a time when Western Canada's farmers have huge supplies of surplus wheat, millions overseas are starving.

(5) Expand Long-term Export Credit

In recent years, the Federal Government has greatly expanded credit facilities to overseas governments purchasing Canadian wheat.

Could the terms of repayment be further extended?

Could interest charges be lowered even more in this period of emergency?

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(6) Farm Stored Grain

Today all elevator companies and terminals are paid for storing the farmers' grain.

Because of the emergency, our government believes a case can be made, for asking the Canadian Wheat Board to pay farmers for farm-stored grain at the same rates.

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(7) Box Car Controller

Western farmers are most dissatisfied with the allocation of box cars on the prairies.

Quotas at different points vary frequently in a major and most unfair manner.

We find it incredible, that at a time when quotas have been their lowest in three decades, the great terminals on the Great Lakes, have been virtually empty for much of the winter.

We have repeatedly pointed out that much needed box cars are being used on American lines.

Our government again today, in the strongest possible manner, urges the appointment of a central transport controller, with the necessary authority to direct the allocation and movement of box cars.

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(8) Two Price System

We again repeat our request for a two price system on wheat.

The present policy of maintaining the I.C.A. minimum of -----\$1.95 1/2 per bushel on domestically consumed wheat is welcome -- but far from adequate.

To be meaningful, and related to cost of production, the price of domestic wheat should be at least -----\$1.00 per bushel above the export price.

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(9) Feed Grain

Our government believes there should be free movement of feed grain within Canada -- certainly in the prairie provinces.

To us, it makes no sense to restrict the movement of grain across provincial boundaries -- especially in the Wheat Board area.

Present regulations are probably unenforceable anyway. Moreover, they reward the unscrupulous and punish the honest.

If a free movement of grain within Canada existed, it is possible that feed grain prices would not be so low in Saskatchewan.

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We are well aware that the U.S. permits no wheat exports south of the border.

Therefore, we feel justified in asking for adequate protection against subsidized imports or dumping of grains -- particularly corn.

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- Other Grains under Wheat Board -

There are some in our province who believe that coarse grains and oil seeds should be brought under the Wheat Board.

Our government does not share this view.

It is all too obvious that those grains selling in the free market, appear to be moving far more satisfactorily, than those under the Board.

The Wheat Board has more on its hands now, than it appears able to handle adequately.

For the time being at least, therefore, we doubt if adding to those responsibilities, would help our farmers.

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Mr. Prime Minister -- at an appropriate time we shall have further comments to make about the wheat crisis in the West.

Today I shall not presume further on the time of the other Premiers and delegates with specifics.

- Conclusion -

But may I say in conclusion -

Rightly or wrongly, most of our farmers blame Ottawa for much of the misguidance and discriminatory policies that put him in his present position.

There is an almost universal feeling that the East doesn't care.

Our farmers in the West do not necessarily feel that Ottawa is hostile to their needs.

But they most certainly feel that the priority given by the government to their problems is very low.

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Because of the farm crisis, today there is a bitterness abroad in the prairies, which is somewhat frightening.

I must tell this Conference today that unless far-reaching steps are taken soon, the agricultural industry of Western Canada could be ruined for a decade.

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- Separatism no answer -

It has been said by some Westerners that within Confederation there can be no justice for the prairies -- that they must find it elsewhere.

I do not share such a view.

I regard Separatism, whether it appears in Quebec or any other region, as suicidal lunacy.

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But fully conscious of my responsibility as Premier of Saskatchewan, I must tell this Conference that the nation's unity is endangered in the West as well as in Quebec.

Let me make it very clear that our farmers demand no special treatment -- no pity -- and no charity.

They do ask for the same economic deal that is given other segments of Canadian society.

They do ask to be treated economically in a similar manner to the farmers of every other nation in the Western world, including our neighbors to the south.

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